

Sheet Metal Workers' National Pension Fund



SMACNA Council of Chapter
Representatives

December 9, 2024

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SSM Industries
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NPF Funding

Neither Critical Nor Endangered

Jan 1, 2024 85.6%

Jan 1, 2023 82.1%

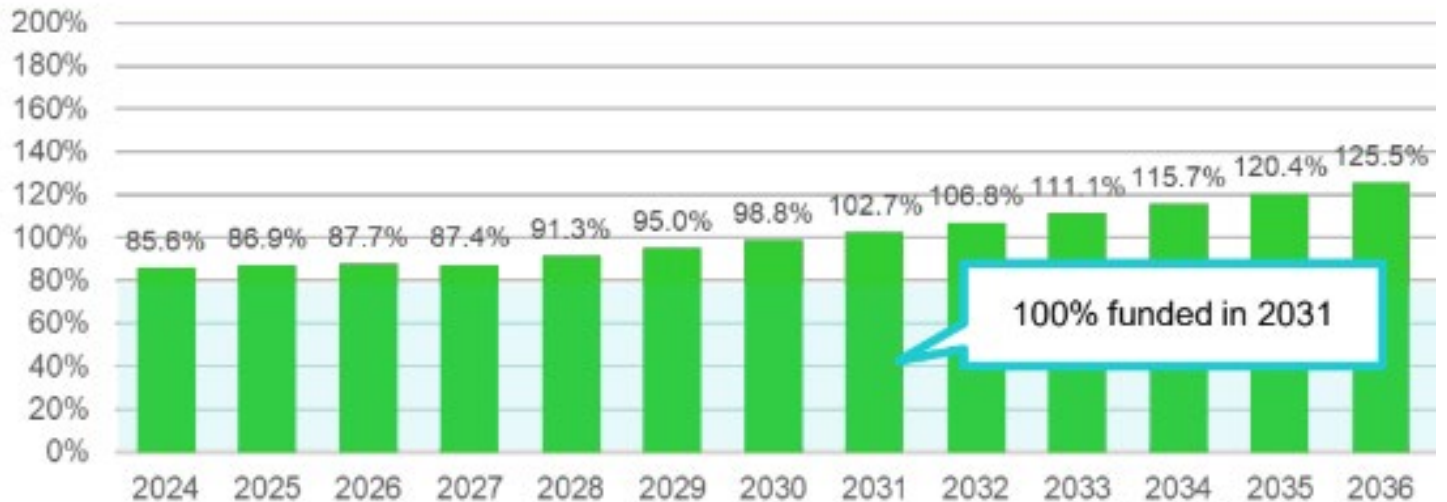
Jan 1, 2022 81.5%

Funding Projections

Glide Path Assumptions 109 Million Hours

Plan Year beginning January 1	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Investment Return	7.25%	7.00%	6.75%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
Interest Rate Assumption	7.25%	7.00%	6.75%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
Accrual Rate (VBAR)	0.50%	0.50%	0.50%	1.00%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%

**PPA Funded
Percentage**
Beginning of Year



A Change to the VBAR Formula

For Hours 2014 – 2023		For Hours 1/1/24 and After	
<i>IF</i>, the three-year average market value investment return percentage reported in the preceding Plan Year's Actuarial Valuation is:	<i>THEN</i>, the VBAR rate of Accrual for the Plan Year will be:	<i>IF</i>, the three-year average market value investment return percentage reported in the preceding Plan Year's Actuarial Valuation is:	<i>THEN</i>, the VBAR rate of Accrual for the Plan Year will be:
0% or Less	0.00%	N/A	N/A
> 0% but < 6.5%	0.50%	< 6%	0.50%
6.5% or > but < 8.5%	0.75%	6% or > but < 8%	0.75%
8.5% or > but < 10.0%	1.00%	8% or > but < 9.5%	1.00%
10.0% or higher	1.25%	9.5% or >	1.25%

*FOR 55/30 CONTRIBUTION RATE, THE ACCRUAL IS 70% OF AMOUNTS LISTED.

VBAR Calculations

2022
0.75%
(Average = 8.22%)

2023
1.25%
(Average = 14.33%)

2024
0.50%
(Average = 4.79%)

2025
0.50%
(Average = 5.51%)

Potential 2026
TBD*

- 2018 Return = -4.12%
- 2019 Return = 17.18%
- 2020 Return = 11.60%
- 2021 Return = 14.20%
- 2022 Return = -11.43%
- 2019 Return = 17.18%
- 2020 Return = 11.60%
- 2021 Return = 14.20%
- 2022 Return = -11.43%
- 2023 Return = 13.77%
- 2020 Return = 11.60%
- 2021 Return = 14.20%
- 2022 Return = -11.43%
- 2023 Return = 13.77%
- 2024 Return = TBD*

2024 Return

Applicable Percentage for the 2026 Plan Year

Less than 15.66%	0.50%
15.66% or more but less than 21.66%	0.75%
21.66% or more but less than 26.16%	1.00%
26.16% or higher	1.25%

Hours Reported to the NPF

NPF Monthly Hours Comparison

Month	2019	2020	2021	2022	2023	2024	2019 vs 2024
							% Different
January	9,038,046.42	9,447,260.07	8,119,112.75	7,936,941.19	8,600,661.15	9,198,954.30	101.8%
February	8,507,136.53	8,940,066.93	7,871,679.38	8,116,138.85	8,635,360.26	9,662,105.31	113.6%
March	9,571,970.88	9,158,057.36	9,211,400.23	9,612,705.25	10,207,363.16	10,119,182.07	105.7%
April	9,271,357.86	7,514,869.50	9,232,726.74	9,013,015.95	9,241,586.91	9,751,514.84	105.2%
May	10,456,925.74	8,311,188.55	8,876,880.94	9,087,802.61	9,955,037.18	11,065,094.28	105.8%
June	9,620,471.80	8,875,352.23	9,391,961.72	9,636,585.73	10,154,849.59	10,044,620.23	104.4%
July	9,884,632.70	9,655,565.97	9,268,173.61	9,191,114.69	9,225,069.00	10,270,968.68	103.9%
August	10,538,893.61	9,218,928.48	9,318,223.29	9,952,933.99	10,878,945.37	11,050,340.26	104.9%
September	9,369,398.27	9,077,788.29	9,262,496.55	9,464,179.65	9,610,186.83	9,526,623.27	101.7%
October	10,723,772.44	9,578,690.94	9,374,276.75	9,417,358.88	10,076,932.05		0.0%
November	9,601,084.06	8,503,321.76	8,470,763.12	9,088,374.48	9,841,547.20		0.0%
December	8,889,568.46	8,936,029.60	9,102,230.22	9,195,011.51	9,739,865.09		0.0%
Total	115,473,258.77	107,217,119.68	107,499,925.30	109,712,162.78	116,167,403.79	90,689,403.24	78.5%
	Actuarial Assumption	90,000,000.00			2024 Annualized	120,919,204.32	

Contribution Rates

No Mandated Increases for 2023 & 2024

Required Increases for 2025 & ~~2026~~

First Alternative:
2% Increases
Required



Second
Alternative: 1%
Increases Required



Default: No
increases

After further consideration, discussion and analysis at the November meeting, the Trustees have determined that there will be

NO 2026 MANDATED INCREASES

Beyond 2026: TBD

Sheet Metal Workers' National Pension Fund

*Important Changes
to the Fund*



Pre-Retirement Lump Sum Death Benefit

If a Participant dies before retirement and is NOT married at the time of his death, a Lump Sum Death Benefit is payable if the Participant:

- 1.) Attained Vested Status;
- 2.) Worked a minimum of 435-hours in Covered Employment the 24-months before their death; and
- 3.) There isn't a QDRO on file assigning a portion of their benefit to an Alternate Payee.

For pre-retirement deaths which occur before January 1, 2023:

A Lump Sum Death Benefit of \$5,000

For pre-retirement deaths which occur on or after January 1, 2023:

A Lump Sum Death Benefit generally equal to 36 times the Lifetime Benefit.

Pre-Retirement Spousal Benefit

Before the Improvement:

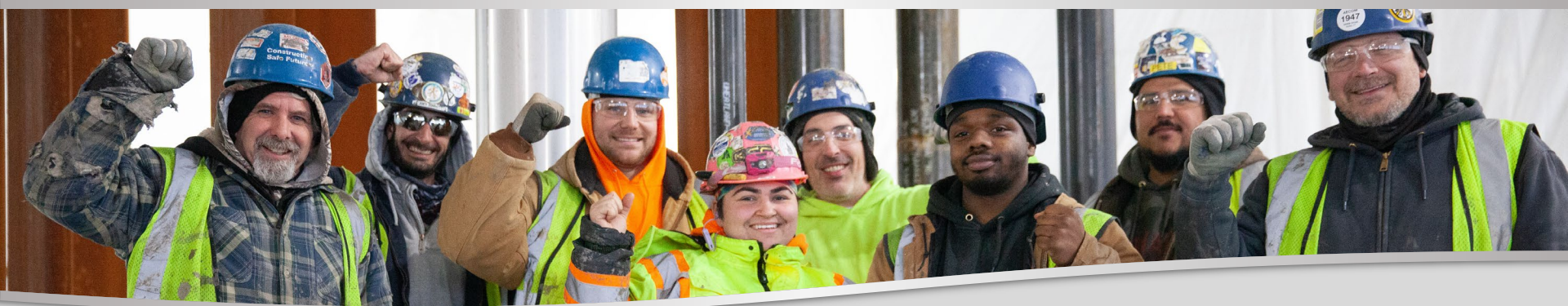
If married, the surviving spouse is entitled to a survivor's pension.

50% Joint and Survivor Annuity Option

For deaths that occur on or after January 1, 2023

If the Participant has worked a minimum of 2,000 hours in Covered Employment within the five calendar years before their death,

75% Joint & Survivor Annuity Option



Filling Work Needs: Megaprojects

- The term “Disqualifying Employment” shall not include:
-work for an employer signatory to a Union collective bargaining agreement that a Pensioner performs after March 22, 2023, but before January 1, ~~2025~~ 2026, in a Local with a Megaproject as requested by a Local or otherwise approved by the Trustees, and as identified in Appendix H provided that the Pensioner performing such work has an Effective Date of Pension prior to ~~March 22, 2023~~ March 31, 2024.

Appendix H

Currently, the following Locals are approved & included in Appendix H:

Local 2, Local 5, Local 7, Local 18, Local 20, Local 24, Local 27, Local 33,
Local 36, Local 49, Local 85, Local 292, and Local 359

Trustee approval is required for each Local.

To be included on Appendix H, a request to the Trustees must include:

- **Megaprojects in the Local's jurisdiction**
- **Expected workforce needs**
- **Confirmation of no unemployment (i.e. no members on the bench)**
- **Any other relevant information that the Trustees should consider**

*Contact the Fund Office or Dave Bernett with questions
or for assistance with submitting a request.*

Payroll Audits

Why do we perform payroll audits?

Plan Trustees have a fiduciary responsibility for making sure payroll audits are performed.

ERISA requires the Board to pursue the collection of delinquent contributions.



What are we looking for?

- Under reported hours
- Over reported hours
- Misclassification of an employee
- Excluded employees
- Inclusion of employees who are not eligible
- Subcontracting to non signatory employers or individuals



Collection Policy

Details of the Auditing Process and Procedures can be found on our website.

The policy includes a list of records that will be reviewed during an audit:

- a. Original Timecards
- b. Payroll registers
- c. Individual Earnings Records
- d. 941's, State U/C's, W-2's, W-3's and 1099's
- e. Cash Disbursement Journals
- f. National Benefit Funds remittance reports/records
- g. Remittance reports for any other fringe benefit fund to which the
Employer contributes
- h. Personnel records
- i. Such other records as are necessary to complete the audit



More About Audits



Policy States that audits shall be limited to no less than 3 years.

Target of auditing each employer once every 5 years.

May be a sample audit to test.

May be expanded if a significant or systematic issue is identified.

After the Audit



- Draft of findings is sent to the Employer
- Fund Office finalizes reports after considering any issues raised by the Employer after receiving draft report.
- Employer is billed for:
 - Shortages, offset by overages as long as an overage is not for a retiree in pay status
 - Interest
 - Liquidated Damages – 10%
 - Audit Fees



What Should you do with an Audit Bill?



- Pay it
- Dispute it
- Settle it

Ellen Odell – Audit Manager
eodell@smwnbf.org, 703-739-7019

Bismark Agyei – Payroll Audit Coordinator
bagyei@smwnbf.org, 703-739-7032

Information regarding the Fund's Trust Document and Collections Policy can be found at www.smwnpf.org

What not to do:
Ignore it



LWOOD@SMWNBF.org
703-739-7012

WWW.SMWNPF.ORG

800-231-4622

